

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 L-03 OMB-01 CIAE-00 INR-10

NSAE-00 RSC-01 TRSE-00 DRC-01 /039 W

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R 260903Z MAR 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 1323

INFO USDOC WASHDC

AMEMBASSY SAIGON

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: BDIS, TW

SUBJECT: J.S. INTERNATIONAL FRAUD CASE

REF: A) STATE 057815, B) USDOC 2500

1. BOARD OF FOREIGN TRADE ADVISES THEY HAVE RECEIVED NO REPORT AS YET REGARDING CID INVESTIGATIONS. EMBASSY HAS BEEN INFORMED THAT IN THE NEAR FUTURE A REPRESENTATIVE FROM CID WILL VISIT EMBASSY TO REQUEST BACKGROUND INFORMATION.

2. A MAJOR PROBLEM ARISING FROM CASE IS THAT A LARGE NUMBER OF CONTAINERS ARE NOW HELD UP PENDING CLEARANCE BY CONSIGNEES, WHICH THEY REFUSE TO DO. CUSTOMS CANNOT CONFISCATE CONTENTS FOR SALE AT AUCTION UNTIL 90 DAYS AFTER ARRIVAL. POSSIBLE SOLUTION, WHICH WILL ENABLE CARRIERS TO OBTAIN THEIR CONTAINERS, IS FOR THE CONSIGNEES TO INFORM CUSTOMS THAT THEY ABANDON THE CONTENTS OF THE CONTAINERS IN WHICH CASE, CUSTOMS CAN CONFISCATE CONTENTS IMMEDIATELY. HOWEVER, EMBASSY
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UNDERSTANDS THAT BANKS HOLD TITLE TO CONTENTS UNTIL CONSIGNEE PAYS OUTSTANDING BALANCE WHICH CONSIGNEES

REFUSE TO DO. ONE AMERICAN BANK INFORMED EMBASSY THAT IN VIEW FACT THE WASTE PAPER IS VIRTUALLY WORTHLESS, THEY SAW NO PROBLEM IF CONSIGNEES WOULD INFORM CUSTOMS TO EFFECT THEY HAD NO INTENTION OF PRESENTING REQUIRED DOCUMENTS FOR CLEARANCE. THUS, IN EFFECT, THEY WOULD BE ABANDONING THE GOODS. EMBASSY UNDERSTANDS THERE ARE NOW NEARLY 100 CONTAINERS ON TAIWAN WITH MORE EXPECTED. CARRIERS INVOLVED INCLUDE: SEALAND, APL, U.S. LINES AND K LINE. WE ARE CONTINUING EFFORTS TO OBTAIN INFORMATION REQUESTED IN REFTEL B.

3. CONSIGNEES AGAIN ADVISED TO RETAIN ATTORNEY. SHOULD PERPETRATORS OF THE FRAUD EVENTUALLY BE BROUGHT TO TRIAL IN A CIVIL SUIT EITHER IN NEW YORK, CALIFORNIA OR POSSIBLY IN A FEDERAL COURT, WOULD AN OFFICIAL DOCUMENT FROM THE CHINESE CUSTOMS FULLY OUTLINING THE CIRCUMSTANCES -- IDENTIFYING EACH CONTAINER, CONTENTS AND FALSE DOCUMENTS, ETC.-- SUFFICE AS EVIDENCE OR WOULD ACTUAL PHYSICAL EVIDENCE BE REQUIRED? IF PROCEDURE MENTIONED PARA 2 ABOVE BE IMPLEMENTED, WASTE PAPER AND CONTAINERS WOULD NOT BE AVAILABLE AS EVIDENCE. PLEASE ADVISE.
MCCONAUGHY

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